

Message Text

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TO SECSTATE WASHDC 5302

INFO AMEMBASSY DAMASCUS

C O N F I D E N T I A L AMMAN 5362

E.O. 11652: GDS

TAGS: BCOM, JO

SUBJECT: JORDANIAN PRIVATE SECTOR REACTION TO JORDANIAN/
SYRIAN AGREEMENT

1. THE OVERALL REACTION OF JORDANIAN PRIVATE BUSINESSMEN TO THE RECENT JORDANIAN-SYRAIN INTEGRATION OF ECONOMIC AND INDUSTRIAL EFFORTS IS HIGHLY CRITICAL. MAIN CRITICISM IS THAT IT SIMPLY IMPOSSIBLE TO INTEGRATE A SOCIALIST STATE WITH A CAPITALIST ONE, AND MOST BUSINESSMEN DOUBT THAT INTEGRATION WILL LAST MORE THAN TWO-THREE MONTHS.

2. TWO CHAMBER OF INDUSTRY OFFICIALS WHO ATTENDED THE JOINT INDUSTRIAL COMMISSION MEETING, HAVE BOTH EXPRESSED SURPRISE AT JORDANIAN WILLINGNESS TO ENTER THIS TYPE OF COOPERATIVE AGREEMENT, STATING THAT JORDAN HAS NOTHING TO GAIN AND EVERYTHING TO LOSE, WHILE SYRIA CAN ONLY BENEFIT. THE ONLY ADVANTAGE TO JORDAN SEEN BY THESE INDUSTRIALISTS IS THE ADDED IMPEUTS THAT WILL ACCRUE TO JORDANIAN SMALL INDUSTRY BY THE OPENING OF SYRIAN MARKETS TO JORDANIAN PRODUCTS. HOWEVER, JORDANIANS WILL ULTIMATELY SUFFER IF THIS LARGE MARKET IS SUDDENLY LOST AFTER THE BUILD-UP REQUIRED TO SUPPLY THIS MARKET.

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3. ON THE SPECIFIC PROVISIONS OF THE JOINT COMMUNIQUE

ISSUED AT THE CONCLUSION OF THE SYRIAN VISIT TO JORDAN, THE MOST CRITICIZED IS THE ESTABLISHMENT OF A TWENTY MILLION JORDANIAN DINAR INDUSTRIAL COMPANY. THE GOJ CANNOT AFFORD TO CAPITALIZE HER HALF OF THE CORPORATION WITHOUT SELLING SHARES ON THE OPEN MARKET, AND PRIVATE BUSINESSMEN VOW THEY WILL NOT INVEST IN ANY CORPORATION, PROJECT, OR COMPANY IN WHICH SYRIAN OFFICIALS HAVE EVEN PARTIAL CONTROL. THIS FEELING RUNS EVEN DEEPER BECAUSE IMPLICIT IN THE JOINT AGREEMENT IS THE FACT THAT ALL NEW INDUSTRIAL PROJECTS BEGUN OR LICENSED IN EITHER COUNTRY MUST NOW BE APPROVED BY THE OTHER, OSTENSIBLY TO PREVENT DUPLICATION AND TO BENEFIT THE WHOLE REGION. JORDANIAN BUSINESSMEN ARE QUITE UPSET AT THE POSSIBILITY THAT THEIR NEW PROJECTS OR ATTEMPTS AT STARTING NEW INDUSTRY MAY NOW BE VETOED BY SYRIAN OFFICIALS.

4. THE NEW INDUSTRIAL "FREE ZONE" CALLED FOR IN THE COMMUNIQUE HAS ALSO COME UNDER FIRE, MAINLY BECAUSE OF THE LOCATION ON THE BORDERS OF THE TWO COUNTRIES. THIS AREA IS LACKING IN THE TRANSPORTATION FACILITIES ACCESS, WATER AND POWER SUPPLIES NEEDED TO SUPPORT SUCH A COMPLEX. IN ADDITION, COST OF OVERLAND FREIGHT FROM THE ONLY TWO PORTS WHICH CAN SERVICE THE ZONE (AQABA AND LATAKIA) WOULD BE PROHIBITIVE, NOT TO MENTION THE ADDED COST OF TRANSPORTING GOODS BACK TO A FINAL DESTINATION IN EITHER COUNTRY.

5. IN SUM, JORDANIANS DO NOT FULLY TRUST THE SYRIANS, AND DO NOT UNDERSTAND THE QUID PRO IN SUCH AN AGREEMENT. MOST DO SENSE THAT THERE ARE VERY PROBABLY POLITICAL CONSIDERATIONS BEHIND THIS MOVE OF WHICH THEY ARE UNAWARE. HOWEVER, WHATEVER JORDAN IS PLANNING DOES NOT, TO BUSINESSMEN, SEEM TO BE WORTH THE HIGH PRICE THAT JORDAN MAY PAY IN THE COMMERCIAL AND ECONOMIC FIELDS. MOST FEEL THAT THE AGREEMENT IS VERY ILL-TIMED, IN THAT JORDAN IS BEGINNING TO ENJOY A BUSINESS BOOM, ATTRACT WORLD-WIDE ATTENTION FROM FOREIGN INVESTORS, AND TO WAKE UP FROM THE ECONOMIC DOLDRUMS OF THE PAST FEW YEARS. MANY FEEL THAT THIS MOVE CAN ONLY HURT JORDAN'S RECOVERY SCARE AWAY FOREIGN INVESTORS, AND

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PLUNGE JORDANIANS THEMSELVES BACK INTO A WAIT-AND-SEE ATTITUDE WHICH WILL SLOW DOMESTIC INVESTMENT AND CONFIDENCE. PICKERING

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